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FOR IMMEDIATE RELEASE:

Joint News Release of San Bruno, OTO Development

**OTO Development, City of San Bruno Reach Tentative
Agreement to Purchase City Land for \$3.97 Million and Build
152-Room Hotel with Event Space at The Crossing**

More than 100 Construction Jobs, \$1 Million a Year in Income to City

San Bruno—City of San Bruno officials today said they have reached a tentative agreement to sell a city-owned parcel to OTO Development LLC at fair market value as determined by an independent appraisal, with no subsidy of public funds. OTO is responsible to pay the City all development costs and fees. The City is releasing a complete copy of the appraisal today and posting it on its website.

OTO Development, a nationally recognized hotel development company, will purchase the 1.5-acre site from the City and build a 152-room, upscale hotel with special event space at The Crossing, a former U.S. Navy property across from the Shops at Tanforan shopping center on El Camino Real.

The agreement will net the City of San Bruno more than a \$1 million a year in taxes, generate additional fees, over a hundred construction jobs to the City, and bring approximately 30 to 40 new permanent jobs to San Bruno that have competitive wages and healthcare for full-time employees.

“This agreement with OTO Development is an important step forward in improving our community, creating jobs, generating nearly a million dollars annually in new revenues, and fulfilling the promise of Measure E, which was overwhelmingly approved by voters in 2001,” said San Bruno Mayor Jim Ruane.

The agreement was hard fought, Mayor Ruane said. Originally, the developer sought a subsidy from the City to make the development economically feasible, but City leaders negotiated a deal that called for no contribution from city taxpayers. OTO has agreed to invest \$50 million to build an upscale Marriott

hotel that meets San Bruno's specific needs, including event space accommodating up to approximately 300 people, underground parking, and new jobs.

"The City Council has listened and carefully considered comments from members of the community, organizations and others. We negotiated an agreement that doesn't cost San Bruno a penny, but instead requires OTO to pay \$3.97 million, the appraised value of the land and over three times what the City paid for it, Ruane said. "It also provides us with an on-going stream of revenues for the City and offers the much-needed space for meetings, weddings, banquets and other events this community has sought for years. This is a great achievement and investment for the City and its taxpayers."

"We are excited to have reached a tentative agreement with the City of San Bruno," said OTO Development's CEO, Corry Oakes. "We look forward to continuing to work through the approval process and to becoming a part of the San Bruno community."

Public Meetings Schedule

On March 15, the San Bruno Planning Commission will consider whether sale of the property for a hotel use is consistent with the City's General Plan, which has envisioned a hotel at the site since 2001. This is a technical requirement of state law, and the Planning Commission's decision will not involve the financial or other details of the sale.

On March 29, the City Council will consider a Purchase and Sale Agreement, which contains the financial and other terms of the sale to OTO. The final details of the Agreement are being completed, and the City will make the Agreement available for public review on or before March 22. A copy will be posted on the City's website and be available in the City Clerk's office. Any interested person will have an opportunity to comment at the meeting.

In April, pending approval of the sale, OTO will seek Planning Commission approval of the hotel's design and land use permits before the project can proceed.

The City, OTO Agreement

The agreement calls for a 152-room, upscale hotel, with a 163-space underground parking garage and a 3,000 square-foot banquet hall, fulfilling the City's need for additional large meeting space beyond the San Bruno Senior Center. The hotel project will create more than 100 construction jobs and 30-40 hotel service jobs with competitive wages and benefits for full-time employees. It will also generate more than \$1 million in annual transient occupancy tax (TOT) revenues for the City, estimated to be \$30 million over 25 years, in addition to property and sales tax once the hotel opens for business.

Beyond direct project benefits, the hotel is estimated to bring an additional \$5 million in regional economic benefits annually, translating into jobs and income, as hotel visitors spend anywhere from \$75-\$150 per day, according to statistics provided by the San Mateo/Silicon Valley Visitors Bureau.

Ruane said the deal reflects a best-case scenario and culminates years of planning by the City to develop the small, 1.5-acre site on El Camino at the intersection of Interstate 380 and complete the successful development at The Crossing, which includes 1,063 multi-family housing units, 12,500 square-feet of retail and a 4,000-square-foot fine dining restaurant (Jack's).

"The City has long prioritized a hotel to complete the wildly successful Crossing development," Ruane said. "Nearby businesses, residents and visitors alike stand to gain from the presence of a high-end hotel and special event center at this site."

The new hotel is also uniquely tailored to meet the priorities outlined by Measure E, which voters overwhelmingly approved in 2001 to enhance the City's hospitality and offerings for visitors while contributing to the City's long-term economic development through added revenue streams and the creation of local jobs. Measure E supports projects that create new, long-term General Fund revenues and participate in the development of a vibrant mixed-use district along the El Camino Real corridor.

Following the successful development of the residences, restaurants and businesses at The Crossing, the City Council purchased the remaining undeveloped parcel that had been designated for the hotel at a cost of \$1.4 million. The City then issued a Request for Qualifications/Proposal to hotel developers nationwide seeking partners to help complete that vision.

In 2013, after a series of public meetings, the City selected OTO Development to construct a Marriott Springhill Suites that included the oversized meeting space long desired by the community. At the time, OTO offered the best development package and a winning track record of developing and operating high-quality hotels in the Bay Area. Negotiations remained ongoing until the City reached an agreement to sell the land at appraised fair market value.

In September 2015, the City had formally adopted an amendment to the U.S. Navy Site and Its Environs Specific Plan (Specific Plan) to support the development of a hotel at The Crossing, part of the former, 20-acre U.S. Naval facility where the highly successful retail and housing development now sits.

While the plan originally called for The Crossing to include a high-quality, full-service hotel with 500 rooms and 15,000 square feet of retail and meeting space, the plan has been twice amended to adapt to changing economic conditions. To better meet the growing community's needs, residential uses replaced the proposed office and above-ground parking lot, resulting in the smaller, 1.5-acre hotel site.

"After years of work, the project as proposed today aligns with the goals and needs for this site," Ruane said. "Best of all, it satisfies this community's long-standing desire for an upscale hotel with a high-end meeting and event space that will serve as an economic engine and signature gateway project for the entire community to enjoy."

